

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Applications of Allied Wireless Communications)	
Corporation, Transferor and Assignor,)	
AT&T Inc., Transferee, and)	WT Docket No. _____
AWCC Acquisition Company, LLC, Assignee)	
)	
)	
For Consent To Assign or Transfer Control of)	
Licenses and Authorizations)	

DECLARATION OF WILLIAM F. KREISHER

I, William F. Kreisher, hereby declare the following:

1. I am Senior Vice President, Corporate Development at Atlantic Tele-Network, Inc. ("ATN"), a position I have held since 2007. In this capacity, I am responsible for managing all aspects of merger and acquisition activity and all strategic partnerships or joint ventures for ATN and its subsidiaries.
2. ATN is a telecommunications company headquartered in Beverly, Massachusetts. ATN provides telecommunications services to rural, niche, and other underserved markets in the United States, Bermuda and the Caribbean through its operating subsidiaries. These services include both wireless and wireline connectivity for residential and business customers, a range of mobile wireless solutions, local exchange services, fiber optic services and broadband Internet services.
3. In June 2009, ATN entered an agreement with Verizon Wireless ("Verizon") to acquire wireless licenses and authorizations that Verizon Wireless was required to divest as a

result of its acquisition of ALLTEL Corporation. The Federal Communications Commission approved the transaction between Verizon and ATN in April 2010, and ATN acquired the assets through its wholly owned subsidiary Allied Wireless Communications Corporation (“AWCC”). The assets included a license permitting AWCC to continue use of the Alltel brand name and service marks in the relevant markets.

4. AWCC, working in conjunction with several affiliates¹ (collectively with AWCC, “Allied”), now provides retail wireless voice and data services in the United States under the “Alltel” brand name. Allied offers retail wireless services in rural areas of six states to approximately 620,000 customers, which includes 35,000 subscribers from an unconsolidated partnership, with a network footprint of approximately 4.6 million people. Other ATN operating subsidiaries not involved in the instant transaction – Commnet, Sovernet, and Ion – operate in the U.S. providing wholesale and retail wireline voice and data services as well as wholesale wireless voice and data services.

5. The retail wireless market has evolved significantly since Allied agreed to acquire the Alltel divestiture assets. At the time of that agreement, the primary focus of Alltel’s retail wireless business was on providing voice services. Indeed, Apple had introduced the first iPhone only two years earlier, and, at the time, it was offered by only one carrier. Data services still represented a relatively small percentage of network use. For example, less than 13 percent of Alltel customers in 2009 used smartphones.

6. Since that time, the wireless market has shifted dramatically toward the provision of data services. Wireless data traffic in the U.S. has grown 104 percent year-over-year since 2009 from 108 billion MBs in the second half of 2009 to 633 billion MBs in the first half of

¹ These affiliates are Georgia RSA #8 Partnership, Ohio RSA #3 Limited Partnership, Ohio RSA 2 Limited Partnership, Ohio RSA 5 Limited Partnership, and Ohio RSA 6 Limited Partnership.

2012.² In the most recent quarter, 65 percent of handsets sold to Allied postpaid customers were smartphones. And the use of wireless data services is expected to continue to grow exponentially.³

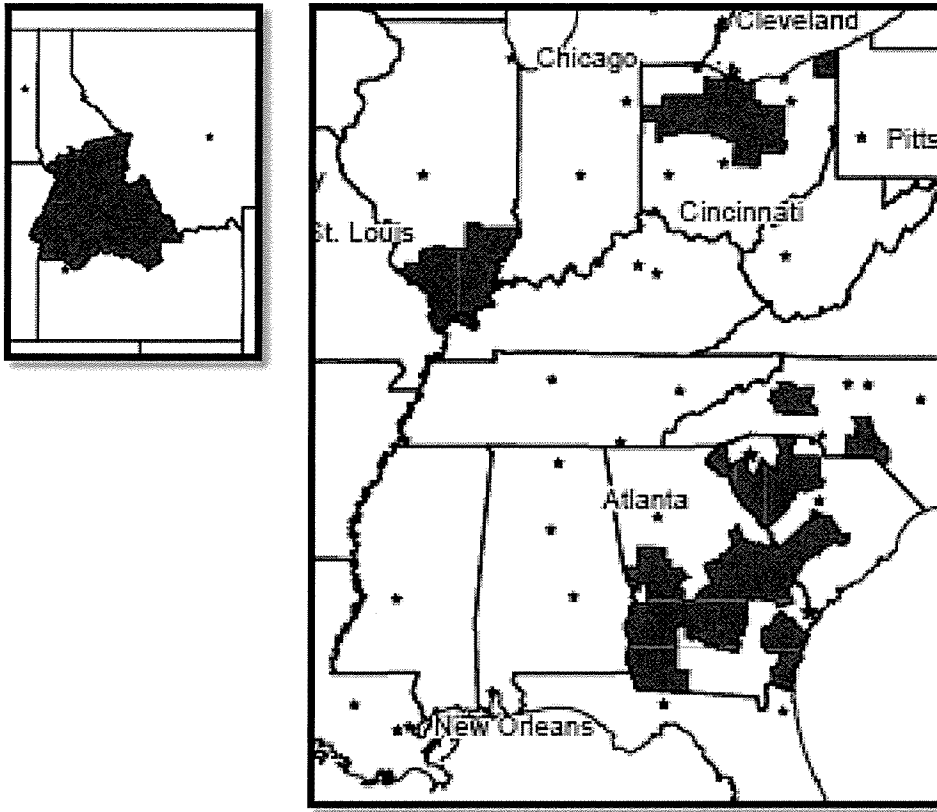
7. Allied has struggled to adjust to these changed conditions primarily due to its fragmented footprint and limited spectrum depth. Unlike other regional carriers, Allied operates 10 noncontiguous “island properties.” Allied offers service in just 26 CMAs in Georgia, Idaho, Illinois, North Carolina, Ohio, and South Carolina. As the map below showing Allied’s service areas illustrates, not only are these states spread across the country, but the CMAs in which Allied operates are not all contiguous. Allied’s coverage area does not include key cities and communities of interest in the states in which it operates and in which its customers often work or shop, with examples including but not limited to Savannah, GA, Augusta, GA, Macon, GA, Valdosta, GA, Greenville-Spartanburg, SC, Columbia, SC, Charlotte, NC,, Raleigh-Durham, NC, Greensboro, NC, Columbus, OH, Cleveland, OH, and Toledo, OH. Further, Allied has less than 35 MHz of spectrum on average.

² See http://files.ctia.org/pdf/CTIA_Survey_MY_2012_Graphics-_final.pdf.

³ See

http://www.cisco.com/en/US/solutions/collateral/ns341/ns525/ns537/ns705/ns827/white_paper_c11-520862.html (“Global mobile data traffic will increase 18-fold between 2011 and 2016.”).

Allied Service Areas in the United States



8. Even without the growth in data service usage, the fragmented and rural nature of Allied's service creates obstacles to providing a competitive service. The distance between markets results in inefficient switching and interconnections between service areas as well as correspondingly high associated expenses, especially in relation to field staffing and sales. In addition, network quality at the edge of service areas is poor due to the difficulties of inter-network handoffs, resulting in a degraded customer experience and a correspondingly high churn rate in these areas. Concentrated efforts by Allied to mitigate the edge experience issues have yielded minimal success, and Allied has not been able to identify a solution to the root problem.

9. Allied's geography also brings challenges in effectively advertising its services to consumers. Allied serves only one in eight of the POPs available in the media purchasing areas

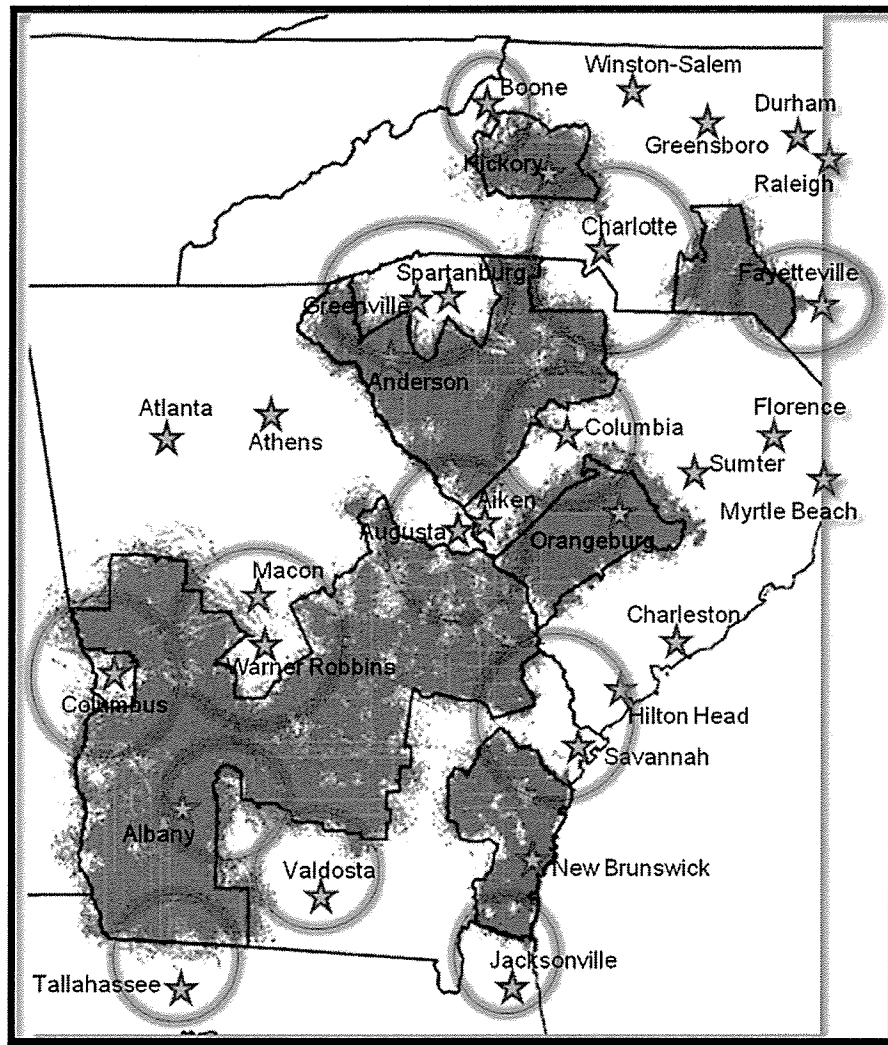
(“DMAs”) within its footprint, and its service areas fully cover only one DMA (Lima, Ohio) and the majority of one additional DMA (Albany, Georgia), making mass media purchasing enormously inefficient. Allied also continues to face consumer misperception that Verizon Wireless purchased Alltel in many of its service areas, and its marketing efforts are all but overwhelmed by those of its competitors with much larger budgets.

10. Allied’s lack of scale and presence in major markets have also prevented it from securing distribution through major retail chains such as Target, Best Buy, and Radio Shack, putting it at a significant disadvantage in relation to national carriers. Walmart is the only major chain that carries Allied devices, but it offers only Allied’s prepaid service, a lower margin offering that is a smaller percentage of retail revenue. Allied even experiences difficulty securing distribution through smaller wireless retail chains whose footprints do not align efficiently with Allied’s unique geographic coverage.

11. Allied has difficulty appealing to medium and large enterprise businesses. Businesses of any appreciable size typically have some operations outside of Allied’s footprint. Additionally, enterprise customers often want additional products and services that Allied does not offer.

12. Challenges caused by Allied’s geography have increased greatly due to the growth in consumer use of data services. Allied’s customers spend a significant amount of time roaming outside its network. Seventy-eight percent of Allied’s subscribers reside in a county that is at the edge of Allied’s geographic service area and six percent of subscribers reside outside the licensed coverage area. Because Allied’s footprint excludes the major metropolitan communities near its service areas, as the map below demonstrates, these customers are repeatedly entering and leaving the Allied network as part of their daily routine.

Map of Allied Service Areas in Southern States



As a result, approximately 15 percent of Allied's calls are off-network (compared to approximately one to three percent for carriers with contiguous footprints). Expenses associated with voice roaming are large but finite, as customers can only speak so many minutes in a day, but data roaming expenses are not so constrained. They are thus considerably higher and

growing rapidly. Spending on roaming expenses decreases capital available for investment in the network.

13. Allied is also at a significant competitive disadvantage because its fastest data service is 3G while carriers such as Verizon offer 4G service in Allied's service areas. Although Allied has explored offering 4G service, it discovered that its bandwidth constraints would limit it to offering low-end 4G service. Allied simply does not have sufficient spectrum to launch a 4G network comparable to those of national carriers in speed or capacity. Even a limited 4G network deployment would be disruptive and require virtually all of Allied's available spectrum in most markets, meaning that an attempt to transition to 4G service would necessarily cut into the spectrum currently used for 2G and 3G service and result in degraded experiences for 2G and 3G customers.

14. Allied has repeatedly sought to obtain additional spectrum in order to offer 4G service, but has had only limited success doing so. Among other problems, due to its geography, Allied is seeking spectrum in isolated pieces, and generally has been unable to find suitable spectrum in or around its footprint, particularly in the areas where Allied has the highest subscriber density.

15. Allied won \$47 million in subsidy funds in November 2012 in the Commission's Mobility Fund Phase I auction to provide mobile broadband services in unserved areas in its licensed territory. Allied has filed long-form applications to claim its subsidies, which currently are pending at the FCC. Allied plans to use the support to deploy LTE only in Idaho, and the POPs in tracts receiving Mobility Fund support in Idaho represent only 0.11 percent of Allied's total covered POPs. In unserved areas of its other five states, Allied proposes to deploy EV-DO with the Mobility Fund subsidies.

16. The inability to offer 4G service handicaps Allied with respect to purchasing consumer devices. OEMs have shifted towards offering more 4G and fewer 3G devices due to consumer demand. Allied thus faces a limited set of choices of consumer devices it can market, and is unable to offer the most attractive devices.

17. As a result of all these factors, Allied's subscriber base is declining. Allied has lost nearly 30 percent of its subscribers since mid-2010. In fact, subscribers have been lost in every CMA in which Allied has a meaningful market presence. Allied's financial performance has suffered as a result.

18. Well over 80 percent of customers who discontinue subscriptions with Allied switch to Verizon. By contrast, of Allied customers who port their service to or from another carrier, fewer than one in ten does so to or from AT&T.

19. Verizon is the market leader in the CMAs in which Allied operates, and Verizon's market position has been improving as Allied's has been waning. Allied focuses on Verizon as the primary rival driving its competitive decisions. AT&T, in contrast, is viewed as lacking the coverage needed to compete effectively in these geographic areas.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 5, 2013

By: William F. Kreisher

William F. Kreisher